

Transcript of Floor Statement by Senator Kent Conrad (D-ND)
Responding to *Washington Post* Article on Federal Deficit
May 4, 2004

Reading the *Washington Post* this morning, I came across this headline which I think is probably the most misleading headline I have seen in the *Washington Post*, or, for that matter, any other publication. The headline in the *Washington Post* business section today reads: "Federal Deficit Likely to Narrow by \$100 Billion."

Boy, what good news, if only it were true. I think you have to ask yourself the question: Are they talking about the deficit last year? Is the deficit this year going to be \$100 billion less than the deficit last year? No. That is not what this story is about. In fact, if you read this story carefully, what you find is the deficit is going to be at least \$50 billion more than the deficit last year -- not \$100 billion less.

The *Washington Post* has constructed a headline that is about as misleading as anything I have ever seen a major publication put out. They have basically fallen hook, line, and sinker for the line put out by the White House.

Why do I say that? Last year, the deficit was about \$370 billion. According to this story, the deficit this year is going to be \$50 billion more -- a new record deficit. The headline should be "Record Deficit." Instead, they are suggesting the deficit is getting smaller.

What are they talking about? They are talking about how the latest estimate is \$100 billion less than the administration's previous estimate. In other words, they are comparing estimate to estimate -- not what is actually happening, but projection.

When the administration put out their earlier estimate, I said at the time they were overstating the deficit to set up a story just like this one. They don't want the headlines to read across America "Record Deficits." What they did was overstate the deficit in terms of their estimates so they could come back later and say we are making a big improvement. There is no improvement, except in estimates.

The fact is, the deficit this year is going to be bigger than the deficit last year, and the deficit last year was a record.

Unfortunately, all of these estimates understate the true seriousness of the fiscal condition of our country because they don't count in addition to this \$420 billion, which they now estimate the deficit to be for this year, and that doesn't include the \$160 billion they are going to take out of Social Security, every penny of which has to be paid back, and they have no plan to do so. This doesn't include the \$50 billion to \$75 billion of extra money the Pentagon is going to want for the war in Iraq and Afghanistan that we now know they are going to have to ask for.

There are some who suggest they will wait until after the election to ask for it, but that doesn't change the fact that the money is needed, that the need is being created now.

If you add all of that together, and the money they are taking out of the Medicare trust fund, which is another approximately \$20 billion, what you find is they are not going to add \$420 billion to the debt this year. They are going to add close to \$700 billion to the debt this year, by far the biggest in our history -- nothing anywhere close to it.

For the *Washington Post* to fall for this kind of tired old trick -- you know, you overinflate the deficit so that when it comes in somewhat less than your overestimation you can claim great credit, is a discredit to the *Washington Post*. It is a discredit to trying to inform people of the true fiscal condition of the country. This isn't it. Even if you accept the premise of this story, the deficit is going to be about \$50 billion more than last year, which was a record. That is exactly the headline the administration seeks to avoid by having put out an overestimation of the deficit in order to now claim credit when the deficit, although a record, is not as large as their earlier forecast.

I hope the American people are not fooled by this kind of reporting. I hope the American people are not fooled as to the true fiscal condition of the country. The truth is, the debt of the United States is being increased by a record amount.

I thank the Chair and yield the floor.